

## CHAPTER II

### DATES AND TIME DIVISIONS

FOR convenience of exposition we may divide our period into four parts, which I shall call respectively the Breathing Space, the Boom, the Slump and the Doldrums. In assigning dates for these four parts I shall rely on monetary data. Since, however, there are many such data and the various relevant indices do not all move up or down together, dates for the beginning and ending of the Breathing Space, the Boom, the Slump and the Doldrums are not given in nature; if we are to use them, it can only be through the exercise of a more or less arbitrary choice. In some circumstances, of course, the arbitrary element is less than in others, and in all circumstances, the looser the dating, the smaller is the part played by it.

The Breathing Space, of course, began at the Armistice. About the date at which it ended and the post-war Boom started there is no difficulty. During the first few months after the Armistice there was a slight decline in most British monetary indices. The volume of bank deposits showed no tendency to increase until March 1919. The three principal index numbers of wholesale prices, those of the *Statist*, *Economist* and Board of Trade, all tended downwards, the two first reaching minima in March, and the third in May. The Ministry of Labour's index of the Cost of Living and their index of retail food prices both reached their minima in May. The Metropolitan, Country and Provincial Clearings, when seasonally corrected, reached theirs in March. Dr. Bowley's index of weekly money wages was steady from January till April. Thus, for nearly half a year, there was in no sense and no degree a monetary

boom; rather the contrary. In the spring, however, there came a change. Both the *Economist* and the *Statist* index numbers of wholesale prices began to move upwards in April, the Board of Trade number in June, Cost of Living and retail food in June, money wage rates in May, Metropolitan, Country and Provincial Clearings in April, deposits of the London clearing banks in March. Thus we may say, without ambiguity, that the Breathing Space ended and the post-war monetary Boom started in the spring of 1919; if we are pressed to name a particular date, the best answer is 30th April. May was the month, as it so happened, in which the number of persons in receipt of out-of-work donation, which had so far been increasing, first showed a marked decline.

For the ending of the monetary Boom the witness of our several indices is less concordant. Thus the *Statist* and *Economist* index numbers turned down respectively in May and April 1920, and the Board of Trade number in June.<sup>1</sup> Cost of Living and retail food turned in November. Bowley's index number of money wage rates continued to rise until January 1921. Deposits of the London clearing banks showed no clear-cut turn till December 1920. But non-financial clearings turned down definitely in April 1920. There is thus a wide scatter among relevant data. Recognising the tendency of Cost of Living, retail food and money wage rates to be laggard and sluggish, in the exercise of my right of arbitrary decision, I decree that the Boom broke during the summer of 1920. As between the months of May, June and July, there is no obvious ground for choice. I shall, however, in so far as precise dating is needed, name

<sup>1</sup> "When the Board of Trade number is used, twice as much importance is given to food as to raw materials; with the others the proportions are nearly reversed" (Bowley, *Prices and Wages*, p. 15). The delayed fall in this index number is probably accounted for by the fact that minerals continued to rise for some months after other things had begun to fall; their final turn-down did not occur till November.

30th April. This has the convenient consequence of enabling us to reckon the period of Boom at exactly a year.

Between the breaking of the Boom and the beginning of the Slump there was only a short interval. Very soon after the rise was stopped a downward movement set in. The Slump began in the summer of 1920. To give a date for its ending, to say even in which quarter it ended, is more difficult. For in truth it did not so much end as peter out. Non-financial clearings had become fairly stabilised by the middle of 1921, but prices continued to fall till the end of 1922, and money wage rates did the same in a much more marked degree, and for even longer. I decree that the post-war Slump dragged on till the beginning of 1923, thus lasting for over two and a half years.

The ending of the Slump was the beginning of the Doldrums. In these we might well say the country remained more or less — not, of course, completely — becalmed until the Wall Street crash of 1929 heralded a second and greater Slump. But the pre-1925 Doldrums alone concern us here.